

GROWTH + PROSPERITY



A Wholly Owned Subsidiary of  
The Bank of Punjab



**FIRST PUNJAB MODARABA**

*(An Islamic Financial Institution)*

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## Corporate Profile

### Board of Directors

Punjab Modaraba Services (Pvt.) Ltd.

Nadeem Amir	Chairman
Aamir Malik	Chief Executive
Ijaz ur Rehman Qureshi	Director
Umer Iqbal Sheikh	Director
Imran Bashir	Director
Samina Afsar	Director
Khawar Shahid Ansari	Director

### Chief Financial Officer

Syed Asad Raza

### Company Secretary

Mudassar Kaiser Pal

### Audit Committee

Imran Bashir	Chairman
Ijaz ur Rehman Qureshi	Member
Samina Afsar	Member

### Human Resource Committee

Samina Afsar	Chairman
Ijaz ur Rehman Qureshi	Member
Umer Iqbal Sheikh	Member
Aamir Malik	Member

### Auditors of the Modaraba

EY Ford Rhodes  
Chartered Accountants

### Auditors of the Management Company

Shinewing Hameed Chaudhry & Co.  
Chartered Accountants

### Bankers

The Bank of Punjab  
Bank Alfalah Limited

### Registrar

Hameed Majeed Associates (Pvt) Ltd.  
H.M. House, 7-Bank Square,  
The Mall, Lahore  
Tel: (+92-42) 37235081-2

### Registered Office

Office No. 100, 3rd Floor National Tower,  
Egerton Road, Lahore.  
Postal Code No. 54600  
PABX: (+92-42) 36365191  
Fax: (+92-42) 36365193  
E-mail: info@punjabmodaraba.com.pk  
URL: www.punjabmodaraba.com.pk

## **DIRECTORS' REPORT**

The Board of Directors of Punjab Modaraba Services (Pvt.) Limited, the Management Company of First Punjab Modaraba (the Modaraba), is pleased to present the quarterly results of the Modaraba, together with Directors' report, for quarter ended March 31, 2022.

Pakistan's economic performance continues to be strong and is still on a trajectory compatible with an economic growth target of around 5 percent in the current fiscal year. Its cyclical position has returned to a more neutral stance. If this trend continues in the next months, economic growth will be driven primarily by the expansion of manufacturing capacity. However, the intensity of internal and external risks has still not been exactly realized which may adversely affect domestic economic activities. Further, inflation and the current account deficit are still under pressure.

The recent geopolitical tensions, in particular the Ukraine crisis, is the most important external risk factor. Likewise, domestic political conditions are building domestic risks. A further escalation of these risks could hamper the positive outlook for Pakistan's economy and may also aggravate the macroeconomic imbalances.

The profitability trend of the Modaraba continued during period under review. The revenues increased by healthy amount as compared with corresponding period. However, owing to increasing trend of inter-bank rates financial cost increased by 37% in comparison to corresponding period. Increase in revenues was evident in shape of operating profit of Rs.3.99 million against loss of Rs.14.17 million in corresponding period. The bottom line also remained positive to the tune of Rs.3.27 million.

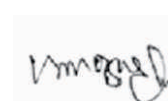
The Modaraba remains focused on business expansion by booking of fresh assets, whereas full fledge efforts for recovery from NPAs is equally prioritized aspect of the business strategy. The recent exorbitant increase in policy rate will, however, remain a constant threat to the profitability in coming periods. The diversification of business model and revenue streams, in shape of new business segment of real estate and construction is going on successfully. The results are expected to appear with time. The wholly owned subsidiary, i.e. Punjab Capital Securities (Pvt) Limited continued its profitable operations in shape of net profit after tax of Rs.1.62 million during the period under consideration.

The Board is grateful for the continuous guidance and support extended by the Registrar Modaraba, Securities & Exchange Commission of Pakistan and hopes for its continuity in the future. The Board also appreciates the benefaction extended by the certificate holders.

For and on behalf of the Board of Directors



**(Aamir Malik)**  
**CHIEF EXECUTIVE**



**(Imran Bashir)**  
**DIRECTOR**



پنجاب مضاربہ سرسبز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز، فرسٹ پنجاب مضاربہ (مضاربہ) کی مینجمنٹ کمپنی، ڈائریکٹرز کی رپورٹ کے ساتھ، 31 مارچ 2022 کو ختم ہونے والی سہ ماہی کے لیے مضاربہ کے سہ ماہی نتائج پیش کرنے پر خوش ہے۔

پاکستان کی اقتصادی کارکردگی بدستور مضبوط ہے اور رواں مالی سال میں اقتصادی ترقی کے ہدف کے 5 فیصد کے ساتھ ہم آہنگ ہے۔ اس کی گردشی پوزیشن زیادہ غیر جانبدارانہ مقام پر واپس آگئی ہے۔ اگر سیرجان اگلے مہینوں میں بھی جاری رہتا ہے، تو معاشی نمونہ بنیادی طور پر مینوفیکچرنگ کی صلاحیت میں توسیع کے ذریعے چلائی جائے گی۔ تاہم، اندرونی اور بیرونی خطرات کی شدت کا ابھی تک صحیح ادراک نہیں کیا گیا ہے جو ملکی اقتصادی سرگرمیوں کو بری طرح متاثر کر سکتے ہیں۔ مزید یہ کہ افراط زر اور کرنٹ اکاؤنٹ خسارہ اب بھی دباؤ میں ہے۔


حالیہ جغرافیائی سیاسی کشیدگی، خاص طور پر یوکرین کا بحران، سب سے اہم بیرونی خطرے کا عنصر ہے۔ اسی طرح ملکی سیاسی حالات بھی ملکی خطرات پیدا کر رہے ہیں۔ ان خطرات میں مزید اضافہ پاکستان کی معیشت کے لیے مثبت نقطہ نظر کو متاثر کر سکتا ہے اور میکرو اکنامک عدم توازن کو بھی بڑھا سکتا ہے۔

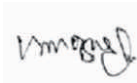
مضاربہ کے منافع کارہجہ زیر جائزہ مدت کے دوران جاری رہا۔ اسی مدت کے مقابلے میں آمدنی میں صحت مندرقم کا اضافہ ہوا۔ تاہم، بینک کی شرحوں کے بڑھتے ہوئے رجحان کی وجہ سے مالی لاگت میں اسی مدت کے مقابلے میں 37 فیصد اضافہ ہوا۔ محصولات میں اضافہ اسی مدت میں 14.17 ملین روپے کے نقصان کے مقابلے میں 3.99 ملین روپے کے آپریٹنگ منافع کی شکل میں واضح تھا۔ باٹم لائن بھی 3.27 ملین روپے کی مثبت رہی۔

مضاربہ بتازہ اثاثوں کی بکنگ کے ذریعے کاروبار میں توسیع پر توجہ مرکوز رکھے ہوئے ہے، جبکہ NPLs سے وصولی کے لیے بھرپور کوششیں کاروباری حکمت عملی کا یکساں ترجیحی پہلو ہے۔ تاہم، پالیسی کی شرح میں حالیہ غیر معمولی اضافہ آنے والے ادوار میں منافع کے لیے ایک مستقل خطرہ رہے گا۔ رینٹل اسٹیٹ اور تعمیرات کے نئے کاروباری طبقے کی شکل میں کاروباری ماڈل اور آمدنی کے سلسلے میں تنوع کامیابی سے جاری ہے۔ نتائج وقت کے ساتھ ظاہر ہونے کی توقع ہے۔ مکمل ملکیتی ذیلی کمپنی، یعنی پنجاب کپٹل سیکورٹیز (پرائیویٹ) لمیٹڈ نے زیر غور مدت کے دوران 1.62 ملین روپے کے ٹیکس کے بعد خالص منافع کی شکل میں اپنا منافع بخش آپریشن جاری رکھا۔

بورڈ رجسٹر ارمضاربہ، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے مسلسل رہنمائی اور تعاون کا مشکور ہے اور مستقبل میں بھی اس کے تسلسل کی امید کرتا ہے۔ بورڈ ٹھٹھکیٹ ہولڈرز کی طرف سے دی جانے والی امداد کی بھی تعریف کرتا ہے۔

بورڈ آف ڈائریکٹرز کے لیے اور اس کی جانب سے

  
**عامر ملک**  
چیف ایگزیکٹو

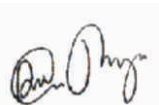
  
**عمران بشیر**  
ڈائریکٹر

**FIRST PUNJAB MODARABA**  
**UNCONSOLIDATED BALANCE SHEET (UN-AUDITED)**  
**AS AT 31 MARCH 2022**

	Note	31 March 2022 (Un-Audited) Rupees	31 Dec 2021 (Audited) Rupees
<b>ASSETS</b>			
<b>Non current assets</b>			
Tangible fixed assets			
- Ijarah assets	5.1	384,299,637	402,480,335
- Assets in own use	5.2	3,622,582	3,415,009
Intangible assets		-	-
Investment in subsidiary	7	76,500,000	76,500,000
Long term musharikah investment - secured	8	319,707,559	289,701,023
Long term morabaha investment - secured	9	-	-
Long term deposits		203,444	203,444
Deferred tax asset		64,398,663	64,398,663
		<b>848,731,885</b>	<b>836,698,474</b>
<b>Current assets</b>			
Short term morabaha investment - secured	10	224,714,990	211,196,651
Current maturity of long term investment	11	411,998,699	396,998,699
Ijarah rental receivable	12	199,471,077	200,621,167
Short Term Investment		200,000,000	200,000,000
Development properties - Land		42,617,119	39,483,636
Advances, deposits, prepayments and other receivables	13	125,312,647	140,295,307
Tax refund due from government		4,230,833	4,201,717
Cash and bank balances		134,930,756	135,278,267
		<b>1,343,276,121</b>	<b>1,328,075,444</b>
<b>TOTAL ASSETS</b>		<b>2,192,008,006</b>	<b>2,164,773,918</b>
<b>EQUITY AND LIABILITIES</b>			
Authorized certificate capital			
50,000,000 (31 Dec 2021: 50,000,000) modaraba certificates of Rs. 10 each		<b>500,000,000</b>	<b>500,000,000</b>
Issued, subscribed and paid-up certificate capital			
34,020,000 (31 Dec 2021: 34,020,000) certificates of Rs. 10 each		<b>340,200,000</b>	<b>340,200,000</b>
Capital reserves		<b>220,303,614</b>	<b>220,303,614</b>
Revenue reserves		<b>(401,879,779)</b>	<b>(405,149,952)</b>
		<b>158,623,835</b>	<b>155,353,662</b>
<b>Non current liabilities</b>			
Long term security deposits		<b>30,541,729</b>	<b>42,274,729</b>
Deferred morabaha income		-	-
Long term musharikah finance - secured	14	-	131,100,952
		<b>30,541,729</b>	<b>173,375,681</b>
<b>Current liabilities</b>			
Current maturity of non current liabilities		<b>97,893,161</b>	<b>84,225,155</b>
Redeemable capital - participatory and unsecured	15	<b>1,753,000,000</b>	<b>1,603,000,000</b>
Profit payable	16	<b>25,234,427</b>	<b>22,864,964</b>
Trade and other payables		<b>107,325,993</b>	<b>105,053,100</b>
Provision for taxation		<b>2,189,708</b>	<b>3,698,100</b>
Unclaimed profit		<b>17,199,153</b>	<b>17,203,256</b>
		<b>2,002,842,442</b>	<b>1,836,044,575</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,192,008,006</b>	<b>2,164,773,918</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	17		

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.

For Punjab Modaraba Services (Private) Limited  
(Modaraba Management Company)



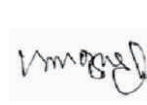
Chief Financial  
Officer



Chief Executive



Director




Director

**FIRST PUNJAB MODARABA**  
**UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	Note	31 March 2022 Un-Audited Rupees	31 March 2021 Un-Audited Rupees
<b>Income</b>			
Income from ijarah rentals		16,855,037	8,329,067
Income from morabaha financing		1,002,214	946,152
Income from diminishing musharaka financing		20,095,805	13,949,385
Gain on disposal of fixed assets		-	219,704
Other income	18	18,517,921	2,345,251
		56,470,977	25,789,559
<b>Expenses</b>			
Administrative expenses	19	12,569,325	10,760,782
Finance cost	20	39,902,284	29,204,903
		52,471,609	39,965,685
<b>Operating loss before provision</b>		3,999,368	(14,176,126)
Reversal for impairment of ijarah assets		-	18,955,522
Reversal / (provision) against ijarah rentals - net		(59,400)	-
		(59,400)	18,955,522
<b>Operating profit / (loss) after provision and impairment</b>		3,939,968	4,779,396
<b>Modaraba Company's management fee</b>		-	-
		3,939,968	4,779,396
<b>Taxation</b>	21	(669,795)	(812,498)
<b>Profit / (loss) for the Period</b>		3,270,173	3,966,898
<b>Earnings per certificate - basic and diluted</b>	22	0.10	0.12

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.

**For Punjab Modaraba Services (Private) Limited**  
**(Modaraba Management Company)**



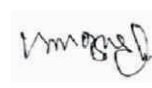
Chief Financial Officer



Chief Executive



Director



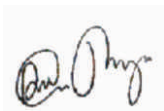
Director

**FIRST PUNJAB MODARABA**  
**UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	<u>Note</u>	<u>31 March 2022</u> <u>(Un-Audited)</u> <u>Rupees</u>	<u>31 March 2021</u> <u>(Un-Audited)</u> <u>Rupees</u>
Profit / (loss) for the period		3,270,173	3,966,898
Other Comprehensive Income for the period		-	-
<b>Total comprehensive income / (loss) for the period</b>		<b><u>3,270,173</u></b>	<b><u>3,966,898</u></b>

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.

**For Punjab Modaraba Services (Private) Limited**  
**(Modaraba Management Company)**



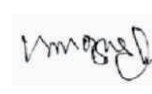
Chief Financial Officer



Chief Executive



Director



Director

**FIRST PUNJAB MODARABA**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	Certificate capital	Capital Reserve Statutory reserve	Revenue Reserve Accumulated loss	Total
	-----Rupees-----			
Balance as at 01 Jan 2021	340,200,000	216,692,528	(418,484,198)	138,408,330
Profit / (Loss) for the Period	-	-	3,966,898	3,966,898
Other comprehensive income for the Period	-	-	-	-
Total comprehensive loss for the Period	-	-	3,966,898	3,966,898
Balance as at 31 March 2021	<u>340,200,000</u>	<u>216,692,528</u>	<u>(414,517,300)</u>	<u>142,375,228</u>
Balance as at 01 Jan 2022	340,200,000	220,303,614	(405,149,952)	155,353,662
Profit / (Loss) for the Period	-	-	3,270,173	3,270,173
Other comprehensive income for the Period	-	-	-	-
Total comprehensive income for the Period	-	-	3,270,173	3,270,173
Balance as at 31 March 2022	<u>340,200,000</u>	<u>220,303,614</u>	<u>(401,879,779)</u>	<u>158,623,835</u>

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.

For Punjab Modaraba Services (Private) Limited  
(Modaraba Management Company)



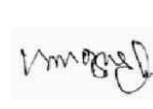
Chief Financial Officer



Chief Executive



Director



Director



**FIRST PUNJAB MODARABA**  
**UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	Note	31 March 2022 (Un-Audited) Rupees	31 March 2021 (Un-Audited) Rupees
<b>Cash flow from operating activities</b>			
<b>Cash generated from operations</b>	27	21,025,228	69,389,749
Profit paid on redeemable capital		(27,868,882)	(17,452,055)
Profit paid on musharikah finances		(9,663,939)	(12,243,455)
Taxes paid		(2,207,303)	(15,527)
		(39,740,124)	(29,711,037)
<b>Net cash generated from / (used in) operating activities</b>		(18,714,896)	39,678,712
<b>Cash flow from investing activities</b>			
Proceeds from disposal of fixed assets		-	-
Short Term Investment		-	-
Purchase of fixed assets in own use	5.2	(527,560)	(150,265)
<b>Net cash generated from investing activities</b>		(527,560)	(150,265)
<b>Cash flow from financing activities</b>			
Musharikah finances-net	14	(131,100,952)	(59,524,149)
Redeemable capital-net	15	150,000,000	-
Profit distributed among the certificate holders		(4,103)	(34,422)
<b>Net cash generated from financing activities</b>		18,894,945	(59,558,571)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(347,511)	(20,030,124)
<b>Cash and cash equivalents at the beginning of the period</b>		135,278,267	25,102,916
<b>Cash and cash equivalents at the end of the period</b>	14	134,930,756	5,072,792

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.

**For Punjab Modaraba Services (Private) Limited**  
**(Modaraba Management Company)**



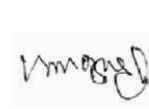
Chief Financial Officer



Chief Executive



Director



Director

## FIRST PUNJAB MODARABA

### UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)

#### FOR THE THREE MONTHS ENDED MARCH 31, 2022

#### 1 Status and nature of business

First Punjab Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 and rules framed there under and is managed by Punjab Modaraba Services (Private) Limited (wholly owned subsidiary of The Bank of Punjab), a company incorporated in Pakistan. The registered office of the Modaraba is situated at Office No. 100, 3rd floor, National Tower, 28-Egerton Road, Lahore. The Modaraba commenced its operations on 23 December 1992. The Modaraba is listed on Pakistan Stock Exchange.

The Modaraba established its wholly owned subsidiary on November 29, 2016 as a private limited Company under the name of Punjab Capital Securities (Pvt) Limited. The registered office of Punjab Capital Securities (Pvt) Limited is situated at 3rd Floor, LSE Plaza, 19-Khayabane Aiwane Iqbal, Lahore. The Company is mainly engaged in the business of brokerage services, portfolio management and consultancy services.

The Modaraba is a perpetual and multi-dimensional Modaraba and is primarily engaged in the business of Ijarah, Musharikah and Murabaha financing, equity investment and other related businesses in accordance with the injunctions of Islam.

Modaraba has obtained approval of the Securities & Exchange Commission of Pakistan to undertake Building, Construction and Real Estate activity by insertion of a new clause for this purpose in prospectus of the Modaraba on 13 January 2021.

- 1.1 In order to align financial year of the Modaraba with the parent bank; the Modaraba had sought required approval from Registrar Modaraba as well as Federal Board of Revenue during the period ended on December 31, 2021. Accordingly, these condensed financial statements for the period and First quarter ended on March 31, 2022 represent financial position and financial performance of the Modaraba for the first quarter of financial year 2022 whereas corresponding figures in condensed interim profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement are being presented for the quarter ended March 31, 2021 (which was previously presented as third quarter ended on March 31, 2021 in the published interim financial statements) for the purpose of comparison purposes.

#### 2 Management's Assessment of Going Concern

In assessing the going concern status of the Modaraba, management has carefully assessed number of factors covering the performance of the business, business prospects and appetite of majority shareholder to continue financial support. Based on the analysis of these, management is comfortable that the Modaraba will be able to continue as a going concern in the foreseeable future.

During the period ended 31 March 2022, the Modaraba has made profit after tax of Rs. 3,270,173. The accumulated loss, net of reserves, as at 31 March 2022 amount to Rs. 181,576,165 (Dec 2021: Rs.184,846,338) which exceeds fifty percent of the total amount subscribed by the holders of the Modaraba Certificates. Further the current liabilities of the Modaraba exceed its current assets by Rs. 659,566,321 as at 31 March 2022.

In order to address going concern issue in terms of section 23 of the Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980 (the Modaraba Ordinance), The Bank of Punjab (BOP) being the parent company of the Modaraba's Management Company' is providing enduring support and has confirmed that it shall continue to provide financial support to the Modaraba in order to mitigate liquidity risk. The Modaraba has obtained approval from the Securities & Exchange Commission of Pakistan dated 13 January 2021 to undertake Building, Construction and Real Estate activities. Accordingly, financial benefits shall be accrued in books of Modaraba in due course of time.

On the basis of support and the arrangements as outlined above and the business plan prepared by the management, the management is of the view that no material uncertainty exists related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern and the Modaraba shall be able to operate on going concern basis in the foreseeable future. Consequently, these financial statements have been prepared reflecting these assumptions.

### 3 Basis of preparations

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Such standards as applicable in Pakistan comprises of:

- International Financial Reporting Standards (IFRS Standards) issued by International Accounting Standards Board (IASB) as notified under Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- The requirements of Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas (hereinafter referred to as the relevant laws).

Where provisions and directives issued under Companies Act, 2017 and the relevant laws differ from IFRS Standards, the provisions and directives issued under Companies Act, 2017 and the relevant laws have been followed.

The SECP has issued directive (vide SRO 431 (I) / 2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS 2) shall be followed in preparation of the financial statements by Companies and Modarabas while accounting for Lease Financing transactions as defined by the said standard. The Modaraba has adopted the said standard.

The SECP has deferred the applicability of IFRS-9 for Modarabas upto June 30, 2022 via SRO 800(I) / 2021 dated June 22, 2021. However, the Modaraba had already adopted other requirements of IFRS 9 except for provision against Islamic financings. Therefore, the Modaraba has continued same practice during the current year as well. The provision against financing has been determined in accordance with requirement of the Prudential Regulations.

These financial statements are the separate financial statements of the Modaraba in which investments in subsidiary are accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated financial statements are prepared separately.

### 4 Significant accounting estimates and judgments

The preparation of these unconsolidate condensed interim financial statements require management to make judgement, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. the significant judgement made by the management in applying the Modaraba's accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the period ended 31, December 2021.

## 5 Tangible fixed assets

Jarrah assets  
Assets in own use

Note	Mar-22 Rupees	Dec-21 Rupees
5.1	384,298,637	402,480,335
5.2	3,622,582	3,415,009
	<u>387,922,219</u>	<u>405,895,344</u>

## 5.1 Jarrah assets

Description	31-03-2022 (UN-AUDITED)													
	COST			DEPRECIATION			IMPAIRMENT			NET BOOK VALUE				
	As at 1 Jan 2022	Additions	Transfer	As at 31 March 2022	As at 1 Jan 2022	Charge for the Period	Transfer	As at 31 March 2022	As at 1 Jan 2022	Reversal for the Period	Transfer	As at 31 March 2022	As at 31 March 2022	Depreciation Rate %
	----- (Rupees) -----													
Plant and machinery	391,590,463	-	-	391,590,463	304,154,573	2,452,933	-	306,607,506	15,593,102	-	-	15,593,102	69,389,855	As per term
	432,937,429	-	-	432,937,429	172,178,057	16,444,484	-	188,622,541	1,104,397	-	-	1,104,397	243,210,491	As per term
Cessna aircraft	13,552,604	-	-	13,552,604	13,552,604	-	-	13,552,604	-	-	-	-	-	As per term
Consumer products	133,893,279	13,014,000	-	146,907,279	62,910,707	12,297,281	-	75,207,988	-	-	-	-	71,699,291	As per term
	971,973,775	13,014,000	-	984,987,775	552,795,941	31,194,698	-	583,990,639	16,697,499	-	-	16,697,499	384,299,637	
31-12-2021 (AUDITED)														
Description	COST			DEPRECIATION			IMPAIRMENT			NET BOOK VALUE				
	As at 1 July 2021	Additions	Transfer	As at 31 Dec 2021	As at 1 July 2021	Charge for the Period	Transfer	As at 31 Dec 2021	As at 1 July 2021	Reversal for the Period	Transfer	As at 31 Dec 2021	As at 31 Dec 2021	Depreciation Rate %
	----- (Rupees) -----													
	Plant and machinery	461,728,567	1,011,900	(71,150,004)	391,590,463	360,791,275	5,325,238	(61,961,940)	304,154,573	15,593,102	-	-	15,593,102	71,842,788
Vehicle	442,297,959	2,805,000	(12,165,530)	432,937,429	144,735,913	37,292,202	(9,850,058)	172,178,057	1,104,397	-	-	1,104,397	259,654,975	As per term
Cessna aircraft	13,552,604	-	-	13,552,604	13,552,604	-	-	13,552,604	-	-	-	-	-	As per term
Consumer products	113,774,738	32,005,500	(11,886,959)	133,893,279	45,136,926	24,908,139	(7,134,358)	62,910,707	-	-	-	-	70,982,572	As per term
	1,031,353,868	35,822,400	(95,202,493)	971,973,775	564,216,718	67,525,579	(78,946,356)	552,795,941	16,697,499	-	-	16,697,499	402,480,335	

5.1.1 Transfers represent the assets disposed through negotiation after expiry / termination of Jarrah. However, in view of large number of disposals, detail of each disposal has not been given.

5.1.2 The Gross Carrying amount (cost) of fully depreciated assets that are still in use amounts to Rs. 342,447,098 (31 Dec 2021 : Rs. 342,447,098).

5.1.3 No impairment is reversed on the basis of recovery made from classified party and in accordance with Prudential regulations issued by Securities and Exchange Commission of Pakistan.

## 5.2 Assets in own use

Description	31-03-2022 (UN-AUDITED)									
	COST			DEPRECIATION			Depreciation Rate			
	As at 1 Jan 2022	Additions	Disposal	As at 1 Jan 2022	Charge for the Period	Disposal				
	(Rupees)									
Office Equipment	4,096,645	486,900	-	4,583,545	139,430	-	2,424,132	2,159,413	15% & 30%	
Furniture & Fixtures	2,199,000	40,660	-	2,239,660	1,526,931	59,626	-	1,586,557	653,103	15%
Vehicles	2,450,800	-	-	2,450,800	1,519,803	120,931	-	1,640,734	810,066	20%
	8,746,445	527,560	-	9,274,005	5,331,436	319,987	-	5,651,423	3,622,582	
Description	31-12-2021 (AUDITED)									
	COST			DEPRECIATION			Depreciation Rate			
	As at 1 July 2021	Additions	Disposal	As at 1 July 2021	Charge for the Year	Disposal				
	(Rupees)									
Office Equipment	2,942,895	1,153,750	-	4,096,645	2,264,876	19,826	-	2,284,702	1,811,943	15% & 30%
Furniture & Fixtures	2,199,000	-	-	2,199,000	1,400,032	126,899	-	1,526,931	672,069	15%
Vehicles	2,259,300	191,500	-	2,450,800	921,653	598,150	-	1,519,803	930,997	20%
	7,401,195	1,345,250	-	8,746,445	4,586,561	744,875	-	5,331,436	3,415,009	

5.2.1 The Gross Carrying amount (cost) of fully depreciated assets that are still in use amounts to Rs. 2,040,971 (31 Dec 2021 : Rs. 2,040,971).

5.2.2 The Gross Carrying amount (cost) of assets disposed off during the year amounts to Rs. Nil. (31 Dec 2021 : Nil).



**7 Investment in subsidiary**

As a result of Stock Exchange (Corporatization, Demutualization and Integration) Act 2012, the Modaraba acquired Trading Rights Entitlement Certificate (TREC) and the subsidiary has been setup to undertake brokerage business and thereby utilize the TREC. The Modaraba obtained permission from SECP vide letter dated October 21, 2016 to form a wholly owned subsidiary to undertake brokerage business and the subsidiary was incorporated on November 29, 2016. During the Period, total investment in subsidiary remained at Rs. 76,500,000 (Dec 2021: Rs. 76,500,000).

	Note	31-Mar-22 Un-Audited Rupees	31-Dec-21 Audited Rupees
<b>8 Long term musharikhah investment - secured</b>			
Long term musharikhah investment		758,099,177	713,092,641
Less: Current portion of long term musharikhah investment	11	(438,391,618)	(423,391,618)
		<u>319,707,559</u>	<u>289,701,023</u>
<b>9 Long term morabaha investment - secured</b>			
Long term morabaha investment		8,800,000	8,800,000
Add: Unearned morabaha income		-	-
		8,800,000	8,800,000
Less: Current portion of long term morabaha investment	11	(8,800,000)	(8,800,000)
Less: Current portion of unearned morabaha income	11	-	-
		<u>-</u>	<u>-</u>
<b>10 Short term morabaha investment-secured</b>			
Short term morabaha Investment		432,477,568	420,894,235
Add: Unearned morabaha income		6,491,301	4,556,295
		438,968,869	425,450,530
Less: Provision for doubtful morabaha investment		(214,253,879)	(214,253,879)
		<u>224,714,990</u>	<u>211,196,651</u>
<b>11 Current maturity of long term investment</b>			
Current portion of long term musharikhah investment	8	438,391,618	423,391,618
Less: Provision against musharika investment		(26,392,919)	(26,392,919)
		411,998,699	396,998,699
Current portion of long term morabaha investment	9	8,800,000	8,800,000
Add: Unearned morabaha income	9	-	-
Less: Provision against morabaha investment		(8,800,000)	(8,800,000)
		<u>-</u>	<u>-</u>
		<u>411,998,699</u>	<u>396,998,699</u>
<b>12 Ijarah rental receivables</b>			
Ijarah rental receivable		315,683,464	324,385,447
Less: Provision against ijarah rental receivable		(116,212,387)	(124,026,374)
		<u>199,471,077</u>	<u>200,359,073</u>

13	Advances, deposits, prepayments and other receivables	Note	31-Mar-22 Un-Audited Rupees	31-Dec-21 Audited Rupees
	<b>Profit receivable</b>			
	- Morabaha investment		4,954,437	732,319
	- Musharikhah investment		9,627,847	13,728,953
			14,582,284	14,461,272
	Prepayments		6,361,690	4,431,221
	Advances		4,136,515	3,170,404
	Non-banking assets		6,141,250	8,391,250
	Other receivables		105,219,200	120,969,152
			136,440,939	151,423,298
	Less: Provision for other receivables		(11,128,292)	(11,128,292)
			125,312,647	140,295,007
14	<b>Long term musharikhah finance secured</b>			
	Opening balance		131,100,952	535,128,774
	Additions during the year		-	2,038,378,738
	Less: Paid during the year		(131,100,952)	(2,442,406,560)
			(131,100,952)	(404,027,822)
			-	131,100,952
15	<b>Redeemable capital - participatory and unsecured</b>			
	Opening balance		1,603,000,000	1,014,101,593
	Add: Issued during the year		150,000,000	600,000,000
	Add: Re- issued during the year		1,600,000,000	1,000,000,000
	Less: Redeemed during the year		(1,600,000,000)	(1,011,101,593)
			150,000,000	588,898,407
	Closing balance		1,753,000,000	1,603,000,000
16	<b>Profit payable</b>			
	Musharikhah finance		-	9,463,234
	Redeemable capital		25,234,427	13,401,730
			25,234,427	22,864,964
17	<b>Contingencies and commitments</b>			
17.1	<b>Contingencies</b>			
	There are no significant changes in contingent liabilities since the last published financial statement as at December 31,			
17.2	<b>Commitments</b>			
17.2.1	There is no Commitments approved but not disbursed on balance sheet due date. (Dec 2021 : Rs. 138.38 Million)			

	<b>Note</b>	<b>31-Mar-22 Un-Audited Rupees</b>	<b>31-Mar-21 Un-Audited Rupees</b>
<b>18 Other income</b>			
Profit on bank deposits		3,386,917	741,180
Processing fee		375,304	308,421
Gain on settlement of musharikah		75,000	1,158,153
Gain on settlement of morabaha		14,424,700	-
Miscellaneous income		220,350	111,880
Rebate income from Takaful		35,650	25,620
		<b>18,517,921</b>	<b>2,345,254</b>
<b>19 Administrative expenses</b>			
Salaries and benefits		9,405,439	8,250,100
Traveling and conveyance		46,264	45,823
Depreciation - owned asset	5.2	384,612	421,369
Amortization of Intangible Assets		-	900,822
Legal and professional		170,700	9,126
Printing and stationary		206,472	348,590
Fee and subscription		485,123	48,925
Repair and maintenance		573,662	168,700
Vehicle running and maintenance		149,407	38,260
Power and utilities		280,074	21,733
Entertainment expenses		143,038	57,149
Advertisement		50,635	-
Telephone and postage		221,612	235,711
Corporate expenses		110,030	134,926
Rent rates and taxes		-	3,925
Selling and marketing expenses		305,462	49,488
Miscellaneous expenses		36,795	26,135
		<b>12,569,325</b>	<b>10,760,782</b>
<b>20 Finance cost</b>			
Financial charges on musharikah		200,705	11,672,348
Financial charges on redeemable capital		39,701,579	17,508,771
Bank charges		-	23,784
		<b>39,902,284</b>	<b>29,204,903</b>
<b>21 Taxation</b>			
<b>Current Tax</b>			
- Current year		669,795	812,498
<b>Deferred</b>			
- Relating to origination and reversal of temporary differences		-	-
		<b>669,795</b>	<b>812,498</b>

**22 Earning per certificate****22.1 Basic**

Basic earnings per certificate are calculated by dividing the net profit for the year by the weighted average number of certificates outstanding during the year as follows:

	<b>31-Mar-22</b> <b>Un-Audited</b> <b>Rupees</b>	<b>31-Mar-21</b> <b>Un-Audited</b> <b>Rupees</b>
Profit for the Period	<b>3,270,173</b>	3,966,898
Weighted average number of ordinary certificates	<b>34,020,000</b>	34,020,000
Earning per certificate	<b>0.10</b>	0.12

**22.2 Diluted**

No figure for diluted earnings per certificate has been presented as the Modaraba has not issued any instruments which would have an impact on earnings per certificate when exercised.

**23 Transactions with related parties**

The related parties and associated undertakings comprise of The Bank of Punjab, Punjab Modaraba Services (Private) Limited and Punjab Capital Securities (Private) Limited. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the term of employment are as follows:

**23.1 Balances outstanding at the end of year****23.1.1 The Bank of Punjab (Holding company of Modaraba's****Management Company)**

	<b>31-Mar-22</b> <b>Un-Audited</b> <b>Rupees</b>	<b>31-Dec-21</b> <b>Audited</b> <b>Rupees</b>
Musharikah finances	-	131,100,952
Profit payable on musharikah finances	-	9,463,234
Certificates of musharikah	<b>1,750,000,000</b>	1,600,000,000
Profit payable on certificates of musharikah	<b>24,207,061</b>	12,374,364

**23.1.2 Punjab Capital Securities (Private) Limited (Subsidiary Company)**

Investment in shares	<b>76,500,000</b>	76,500,000
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**23.2 Transactions during the year****23.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)**

	<b>31-Mar-22</b> <b>Un-Audited</b> <b>Rupees</b>	<b>31-Mar-21</b> <b>Un-Audited</b> <b>Rupees</b>
Bank charges	-	<b>23,784</b>
Profit charged on finances	<b>200,705</b>	<b>11,672,348</b>
Profit charged on certificates of Musharikah	<b>39,243,018</b>	<b>17,508,771</b>

## 26 Reconciliation of liabilities arising from financing activities

	Balance as at 01 Jan 2022	Availed / Announced	Repaid / Redeemed	Balance as at 31 Mar 2022
Long term musharikhah finance	131,100,952	-	(131,100,952)	-
Prifit payable	17,203,256	-	(4,103)	17,199,153
Redeemable capital	1,603,000,000	1,750,000,000	(1,600,000,000)	1,753,000,000
	<b>1,751,304,208</b>	<b>1,750,000,000</b>	<b>(1,731,105,055)</b>	<b>1,770,199,153</b>

## 27 Cash flow from operating activities

	Note	31 March 2022 (Un-Audited) Rupees	31 March 2021 (Un-Audited) Rupees
Profit / (Loss) for the year		3,939,968	4,779,396
Adjustments for:			
Depreciation of ijarah assets		31,194,698	32,954,048
Depreciation of assets in own use		319,987	421,369
Amortization of Intangible Assets		-	900,822
Gain on disposal of Ijarah assets		-	(219,704)
(Reversal) / Provision for Ijara investment		59,400	(18,733,922)
Financial charges on musharikhah finances		200,705	11,672,348
Financial charges on redeemable capital		39,701,579	17,508,771
		71,476,369	44,503,732
<b>Operating profit before working capital changes</b>		<b>75,416,337</b>	<b>49,283,128</b>
<b>Working capital changes</b>			
(Increase)/decrease in operating assets:			
Morabaha investment		(9,648,327)	(2,995,705)
Purchase of assets under ijarah arrangements		(13,014,000)	(22,214,145)
Investment in musharikhah-net		(54,753,322)	(14,987,937)
Purchase of assets-Development Properties		(3,133,483)	-
Proceeds from transfer of ijarah assets		-	6,257,940
Ijarah Rental Receivable - net		321,494	37,692,118
Advances, deposits, prepayments and other receivables		29,407,059	22,375,692
		(50,820,579)	26,127,963
Increase / (decrease) in operating liabilities:			
Security deposits - net		1,935,006	(5,212,626)
Trade and other payables		(5,505,536)	(808,716)
		(3,570,530)	(6,021,342)
<b>Net changes in operating assets and operating liabilities</b>		<b>(54,391,109)</b>	<b>20,106,621</b>
<b>Cash generated from operations</b>		<b>21,025,228</b>	<b>69,389,749</b>

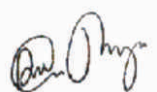
## 28 Date of authorization for issue

The unconsolidated financial statements of Modaraba were approved by the Directors of Modaraba Management Company and authorized for issue on April 27, 2022.

## 29 General

Figures have been rounded off to the nearest rupees unless otherwise provided.

For Punjab Modaraba Services (Private) Limited  
(Modaraba Management Company)



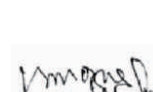
Chief Financial  
Officer



Chief Executive



Director



Director





A Wholly Owned Subsidiary of  
The Bank of Punjab

# **CONSOLIDATED FINANCIAL INFORMATION**

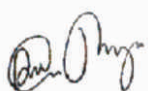
For the six months ended  
December 31, 2022

**FIRST PUNJAB MODARABA**  
**CONSOLIDATED BALANCE SHEET (UN-AUDITED)**  
**AS AT 31 MARCH 2022**

	Note	31 March 2022 (Un-Audited) Rupees	31 Dec 2021 (Audited) Rupees
<b>ASSETS</b>			
<b>Non current assets</b>			
Tangible fixed assets			
- Ijarah assets	5.1	384,299,637	402,480,335
- Assets in own use	5.2	4,768,339	4,539,641
Intangible assets	6	6,765,726	6,765,726
Long Term Investment		20,466,394	20,466,394
Long term musharikhah investment - secured	7	319,707,559	289,701,023
Long term morabaha investment - secured	8	-	-
Long term deposits		8,395,471	8,395,471
Deferred tax asset		63,799,180	63,799,180
		808,202,306	796,147,770
<b>Current assets</b>			
Short term morabaha investment - secured	9	224,714,990	211,196,651
Current maturity of long term investment	10	411,998,699	396,998,699
Ijarah rental receivable	11	199,471,077	200,621,167
Short Term Investment		200,000,000	200,000,000
Development properties - Land		42,617,119	39,483,636
Trade Receivable		12,310,639	7,778,595
Advances, deposits, prepayments and other receivables	12	134,949,743	171,232,109
Tax refund due from government		6,158,408	5,743,208
Cash and bank balances		190,098,957	163,486,952
		1,422,319,632	1,396,541,017
<b>TOTAL ASSETS</b>		<b>2,230,521,938</b>	<b>2,192,688,787</b>
<b>EQUITY AND LIABILITIES</b>			
Authorized certificate capital			
50,000,000 (31 Dec 2021: 50,000,000) modaraba certificates of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up certificate capital			
34,020,000 (31 Dec 2021: 34,020,000) certificates of Rs. 10 each		340,200,000	340,200,000
Capital reserves		220,303,614	220,303,614
		5,642,018	5,642,018
Revenue reserves		(400,390,505)	(405,285,175)
		165,755,127	160,860,457
<b>Non current liabilities</b>			
Long term security deposits		30,541,729	42,274,729
Deferred morabaha income		-	-
Long term musharikhah finance - secured	13	-	131,100,952
		30,541,729	173,375,681
<b>Current liabilities</b>			
Current maturity of non current liabilities		97,893,161	84,225,155
Redeemable capital - participatory and unsecured	14	1,753,000,000	1,603,000,000
Profit payable	15	25,234,427	22,864,964
Trade and other payables		137,370,921	126,456,189
Provision for taxation		3,527,421	4,703,085
Unclaimed profit		17,199,153	17,203,256
		2,034,225,083	1,858,452,649
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,230,521,939</b>	<b>2,192,688,787</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	16		

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.


For Punjab Modaraba Services (Private) Limited  
(Modaraba Management Company)



Chief Financial  
Officer



Chief Executive



Director



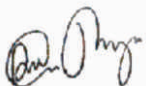
Director

**FIRST PUNJAB MODARABA**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	Note	31 March 2022 Un-Audited Rupees	31 March 2021 Un-Audited Rupees
<b>Income</b>			
Income from ijarah rentals		16,855,037	8,329,067
Income from morabaha financing		1,002,214	946,152
Income from diminishing musharaka financing		20,095,805	13,949,385
Revenue from Contract with Customers		5,177,634	6,698,165
Gain on disposal of fixed assets		-	219,704
Other income	17	20,128,415	3,012,695
		63,259,105	33,155,168
<b>Expenses</b>			
Administrative expenses	18	17,396,604	15,909,947
Finance cost	19	39,905,909	29,206,643
		57,302,513	45,116,590
<b>Operating loss before provision</b>		5,956,593	(11,961,422)
Reversal for impairment of ijarah assets		-	18,955,522
Reversal / (provision) against ijarah rentals - net		(59,400)	-
		(59,400)	18,955,522
<b>Operating profit / (loss) after provision and impairment</b>		5,897,193	6,994,100
<b>Modaraba Company's management fee</b>		-	-
		5,897,193	6,994,100
<b>Taxation</b>	20	(1,002,523)	(896,226)
<b>Profit / (loss) for the Period</b>		4,894,670	6,097,874
<b>Earnings per certificate - basic and diluted</b>	21	0.14	0.18

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.

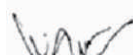
**For Punjab Modaraba Services (Private) Limited**  
**(Modaraba Management Company)**



Chief Financial  
Officer



Chief Executive



Director



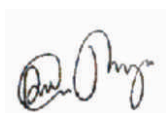
Director

**FIRST PUNJAB MODARABA**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	<b>Note</b>	<b>31 March 2022 (Un-Audited) Rupees</b>	<b>31 March 2021 (Un-Audited) Rupees</b>
Profit / (loss) for the period		<b>4,894,670</b>	6,097,874
Other Comprehensive Income for the period		-	-
<b>Total comprehensive income / (loss) for the period</b>		<b><u>4,894,670</u></b>	<b><u>6,097,874</u></b>

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.

**For Punjab Modaraba Services (Private) Limited**  
**(Modaraba Management Company)**



**Chief Financial  
Officer**



**Chief Executive**



**Director**



**Director**

**FIRST PUNJAB MODARABA**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	Certificate capital	Capital Reserve		Revenue Reserve	Total
		Fair Value reserve	Statutory reserve	Accumulated loss	
		Rupees			
<b>Balance as at 01 Jan 2021</b>	340,200,000	8,846,368	216,692,528	(431,684,549)	134,054,347
Profit / (Loss) for the Period	-		-	6,097,874	6,097,874
Other comprehensive income for the Period	-		-	-	-
Total comprehensive loss for the Period	-		-	6,097,874	6,097,874
<b>Balance as at 31 March 2021</b>	<u>340,200,000</u>	<u>8,846,368</u>	<u>216,692,528</u>	<u>(425,586,675)</u>	<u>140,152,221</u>
<b>Balance as at 01 Jan 2022</b>	340,200,000	5,642,018	220,303,614	(405,285,175)	160,860,457
Profit / (Loss) for the Period	-	-	-	4,894,670	4,894,670
Other comprehensive income for the Period	-		-	-	-
Total comprehensive income for the Period	-		-	4,894,670	4,894,670
<b>Balance as at 31 March 2022</b>	<u>340,200,000</u>	<u>5,642,018</u>	<u>220,303,614</u>	<u>(400,390,505)</u>	<u>165,755,127</u>

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.

For Punjab Modaraba Services (Private) Limited  
(Modaraba Management Company)



Chief Financial  
Officer



Chief Executive



Director



Director

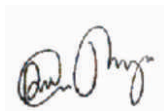


**FIRST PUNJAB MODARABA**  
**CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	Note	31 March 2022 (Un-Audited) Rupees	31 March 2021 (Un-Audited) Rupees
<b>Cash flow from operating activities</b>			
<b>Cash generated from operations</b>	27	48,444,328	53,966,610
Profit paid on redeemable capital		(27,868,882)	(17,452,055)
Profit paid on musharikhah finances		(9,663,939)	(12,243,455)
Taxes paid		(2,593,387)	(271,381)
		(40,126,208)	(29,966,891)
<b>Net cash generated from / (used in) operating activities</b>		8,318,120	23,999,719
<b>Cash flow from investing activities</b>			
Proceeds from disposal of fixed assets		-	-
Short Term Investment		-	-
Purchase of fixed assets in own use	5.2	(601,060)	(150,265)
<b>Net cash generated from investing activities</b>		(601,060)	(150,265)
<b>Cash flow from financing activities</b>			
Musharikhah finances-net	13	(131,100,952)	(59,524,149)
Redeemable capital-net	14	150,000,000	-
Profit distributed among the certificate holders		(4,103)	(34,422)
<b>Net cash generated from financing activities</b>		18,894,945	(59,558,571)
<b>Net (decrease) / increase in cash and cash equivalents</b>		26,612,005	(35,709,117)
<b>Cash and cash equivalents at the beginning of the period</b>		163,486,952	69,445,617
<b>Cash and cash equivalents at the end of the period</b>	13	190,098,957	33,736,500

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.

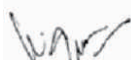
**For Punjab Modaraba Services (Private) Limited**  
**(Modaraba Management Company)**



Chief Financial  
Officer



Chief Executive



Director



Director

# FIRST PUNJAB MODARABA

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)

### FOR THE THREE MONTHS ENDED MARCH 31, 2022

#### 1 The Group and its Operations

The "Group" consists of:

##### Parent

First Punjab Modaraba

##### Subsidiary Company

Punjab Capital Securities (Private) Limited

##### Percentage of holding

31-Mar-22

31-Dec-21

100%

100%

First Punjab Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 and rules framed there under and is managed by Punjab Modaraba Services (Private) Limited (wholly owned subsidiary of The Bank of Punjab), a company incorporated in Pakistan. The registered office of the Modaraba is situated at 3rd floor, National Tower, Egerton Road, Lahore. The Modaraba commenced its operations on 23 December 1992. The Modaraba is listed on Pakistan Stock Exchange.

The Modaraba is a perpetual and multi-dimensional Modaraba and is primarily engaged in the business of Ijarah, Musharikhah and Morabaha financing, equity investment and other related businesses in accordance with the injunctions of Islam.

Modaraba has obtained approval of the Securities and Exchange Commission of Pakistan to undertake Building, Construction and Real Estate activity by insertion of a new clause for this purpose in prospectus of the Modaraba on 13 January 2021.

##### Punjab Capital Securities (Private) Limited

The Punjab Capital Securities (Private) Limited ("the Company") is registered under the repealed Companies Ordinance, 1984 (which is replaced by Companies Act 2017) as a company limited by shares on the 29th day of November 2016. The Company is mainly engaged in business of brokerage services, portfolio management and consultancy services. The registered office of the Company is situated at Room No 319, 3rd Floor, Lahore stock exchange (LSE) Building, Lahore.

#### 1.1 Basis of Consolidation

The Group consolidated financial statements include the consolidated financial statements of the Modaraba and its subsidiary.

Subsidiary are fully consolidated from the date on which control is transferred to the Modaraba. They are deconsolidated from the date that control ceases. The consolidated financial statements of subsidiary have been consolidated on line by line basis. All significant inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated.

The Modaraba applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Modaraba recognizes any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. The consolidated financial statements of the Modaraba and its subsidiary are prepared upto the same reporting date using consistent accounting policies.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through income statement.

Any contingent consideration to be transferred by the Modaraba is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill, if any, is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in income statement. After initial recognition, is measured at carrying value i.e. cost at the date of acquisition less any accumulated impairment.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Modaraba ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Modaraba had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

#### **Non-controlling interest**

The Group applies a policy of treating transactions with non- controlling interests as transaction with parties external to the Group. Disposals of non-controlling interests results in gain and losses for the Group that are recorded in the profit and loss account.

- 1.1 In order to align financial year of the Modaraba with the parent bank; the Modaraba had sought required approval from Registrar Modaraba as well as Federal Board of Revenue during the period ended on December 31, 2021. Accordingly, these condensed financial statements for the period and First quarter ended on March 31, 2022 represent financial position and financial performance of the Modaraba for the first quarter of financial year 2022 whereas corresponding figures in condensed interim profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement are being presented for the quarter ended March 31, 2021 (which was previously presented as third quarter ended on March 31, 2021 in the published interim financial statements) for the purpose of comparison purposes.

## **2 Management's Assessment of Going Concern**

In assessing the going concern status of the Modaraba, management has carefully assessed number of factors covering the performance of the business, business prospects and appetite of majority shareholder to continue financial support. Based on the analysis of these, management is comfortable that the Modaraba will be able to continue as a going concern in the foreseeable future.

During the period ended 31 March 2022, the Group has made profit after tax of Rs. 4,894,669. The accumulated loss, net of reserves, as at 31 March 2022 amount to Rs. 179,951,669 (Dec 2021: Rs.184,846,338) which exceeds fifty percent of the total amount subscribed by the holders of the Modaraba Certificates. Further the current liabilities of the group exceed its current assets by Rs. 659,899,049 as at 31 March 2022.

In order to address going concern issue in terms of section 23 of the Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980 (the Modaraba Ordinance), The Bank of Punjab (BOP) being the parent company of the Modaraba's Management Company' is providing enduring support and has confirmed that it shall continue to provide financial support to the Modaraba in order to mitigate liquidity risk. The Modaraba has obtained approval from the Securities & Exchange Commission of Pakistan dated 13 January 2021 to undertake Building, Construction and Real Estate activities. Accordingly, financial benefits shall be accrued in books of Modaraba in due course of time.

On the basis of support and the arrangements as outlined above and the business plan prepared by the management, the management is of the view that no material uncertainty exists related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern and the Modaraba shall be able to operate on going concern basis in the foreseeable future. Consequently, these financial statements have been prepared reflecting these assumptions.

### 3 Basis of preparations

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Such standards as applicable in Pakistan comprises of:

- International Financial Reporting Standards (IFRS Standards) issued by International Accounting Standards Board (IASB) as notified under Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- The requirements of Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas (hereinafter referred to as the relevant laws).

Where provisions and directives issued under Companies Act, 2017 and the relevant laws differ from IFRS Standards, the provisions and directives issued under Companies Act, 2017 and the relevant laws have been followed.

The SECP has issued directive (vide SRO 431 (I) / 2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS 2) shall be followed in preparation of the financial statements by Companies and Modarabas while accounting for Lease Financing transactions as defined by the said standard. The Modaraba has adopted the said standard.

The SECP has deferred the applicability of IFRS-9 for Modarabas upto June 30, 2022 via SRO 800(I) / 2021 dated June 22, 2021. However, the Modaraba had already adopted other requirements of IFRS 9 except for provision against Islamic financings. Therefore, the Modaraba has continued same practice during the current year as well. The provision against financing has been determined in accordance with requirement of the Prudential Regulations.

These financial statements are the separate financial statements of the Modaraba in which investments in subsidiary are accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated financial statements are prepared separately.

### 4 Significant accounting estimates and judgments

The preparation of these unconsolidate condensed interim financial statements require management to make judgement, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. the significant judgement made by the management in applying the Modaraba's accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the period ended 31, December 2021.

5	Tangible fixed assets	Description	31-03-2022 (UN-AUDITED)										Depreciation Rate %		
			COST			DEPRECIATION			IMPAIRMENT			NET BOOK VALUE			
			As at 1 Jan 2022	Additions	Transfer	As at 31 March 2022	As at 1 Jan 2022	Charge for the Period	Transfer	As at 31 March 2022	Reversal for the Period	Transfer	As at 31 March 2022		
(Rupees)															
		Plant and machinery	391,590,463	-	-	391,590,463	304,154,573	2,452,933	-	306,607,506	15,593,102	-	15,593,102	69,389,855	As per term
		Vehicle	432,937,429	-	-	432,937,429	172,178,057	16,444,484	-	188,622,541	1,104,397	-	1,104,397	243,210,491	As per term
		Cessna aircraft	13,552,604	-	-	13,552,604	13,552,604	-	-	13,552,604	-	-	-	-	As per term
		Consumer products	133,893,279	13,014,000	-	146,907,279	62,910,707	12,297,281	-	75,207,988	-	-	-	71,699,291	As per term
			971,973,775	13,014,000	-	984,987,775	552,795,941	31,194,698	-	583,990,639	16,697,499	-	16,697,499	384,299,637	
31-12-2021 (AUDITED)															
			COST			DEPRECIATION			IMPAIRMENT			NET BOOK VALUE	Depreciation Rate %		
		Description	As at 1 July 2021	Additions	Transfer	As at 31 Dec 2021	As at 1 July 2021	Charge for the Period	Transfer	As at 31 Dec 2021	Reversal for the Period	Transfer		As at 31 Dec 2021	
(Rupees)															
		Plant and machinery	461,728,567	1,011,900	(71,150,004)	391,590,463	360,791,275	5,325,238	(61,961,940)	304,154,573	15,593,102	-	15,593,102	71,842,768	As per term
		Vehicle	442,297,959	2,805,000	(12,165,530)	432,937,429	144,735,913	37,292,202	(9,850,058)	172,178,057	1,104,397	-	1,104,397	259,654,975	As per term
		Cessna aircraft	13,552,604	-	-	13,552,604	13,552,604	-	-	13,552,604	-	-	-	-	As per term
		Consumer products	113,774,738	32,005,500	(11,886,959)	133,893,279	45,136,926	24,908,139	(7,134,358)	62,910,707	-	-	-	70,982,572	As per term
			1,031,353,868	35,822,400	(95,202,493)	971,973,775	564,216,718	67,525,579	(78,946,356)	552,795,941	16,697,499	-	16,697,499	407,019,975	

5.1.1 Transfers represent the assets disposed through negotiation after expiry / termination of Ijarah. However, in view of large number of disposals, detail of each disposal has not been given.

5.1.2 The Gross Carrying amount (cost) of fully depreciated assets that are still in use amounts to Rs. 342,447,098. (31 Dec 2021 : Rs. 342,447,098).

5.1.3 No impairment is reversed on the basis of recovery made from classified party and in accordance with Prudential regulations issued by Securities and Exchange Commission of Pakistan.

## 5.2 Assets in own use

Description	31-03-2022 (UN-AUDITED)						
	COST			DEPRECIATION			NBV As at 31 Mar 2022
	As at 1 Jan 2022	Additions	Disposal	As at 31 Mar 2022 (Rupees)	Charge for the Period	Disposal	
Office Equipment	5,042,797	553,900	-	5,596,697	159,655	-	2,853,998 2,742,699 15% & 30%
Furniture & Fixtures	2,947,985	40,660	-	2,988,645	72,401	-	2,004,898 983,747 15%
Vehicles	2,450,800	-	-	2,450,800	120,931	-	1,640,734 810,066 20%
Computer Products	1,240,980	6,500	-	1,247,480	19,373	-	1,015,652 231,828 20%
	<b>11,682,562</b>	<b>601,060</b>	<b>-</b>	<b>12,283,622</b>	<b>372,360</b>	<b>-</b>	<b>7,515,282</b> <b>4,768,339</b>
Description	31-12-2021 (AUDITED)						
	COST			DEPRECIATION			NBV As at 31 Dec 2021
	As at 1 July 2021	Additions	Disposal	As at 31 Dec 2021 (Rupees)	Charge for the Year	Disposal	
Office Equipment	3,682,747	1,360,050	-	5,042,797	49,389	-	2,694,343 2,348,454 15% & 30%
Furniture & Fixtures	2,947,985	-	-	2,947,985	154,744	-	1,932,497 1,015,488 15%
Vehicles	2,259,300	191,500	-	2,450,800	598,150	-	1,519,803 930,997 20%
Computer Products	1,212,980	28,000	-	1,240,980	38,238	-	996,279 244,701 20%
	<b>10,103,012</b>	<b>1,579,550</b>	<b>-</b>	<b>11,682,562</b>	<b>840,521</b>	<b>-</b>	<b>7,142,922</b> <b>4,539,640</b>

5.2.1 The Gross Carrying amount (cost) of fully depreciated assets that are still in use amounts to Rs. 2,040,971 (31 Dec 2021 : Rs. 2,040,971).

5.2.2 The Gross Carrying amount (cost) of assets disposed off during the year amounts to Rs. Nil. (31 Dec 2021 : Nil).



	Note	31-Mar-22 Un-Audited Rupees	31-Dec-21 Audited Rupees
<b>6 Intangible Assets</b>			
LSE room	6.1	4,265,726	4,265,726
Trading right entitlement certificate (TREC)	6.2	2,500,000	2,500,000
		<u>6,765,726</u>	<u>6,765,726</u>
<b>7 Long term musharikah investment - secured</b>			
Long term musharikah investment		758,099,177	713,092,641
Less: Current portion of long term musharikah investment	10	(438,391,618)	(423,391,618)
		<u>319,707,559</u>	<u>289,701,023</u>
<b>8 Long term morabaha investment - secured</b>			
Long term morabaha investment		8,800,000	8,800,000
Add: Unearned morabaha income		-	-
		8,800,000	8,800,000
Less: Current portion of long term morabaha investment	10	(8,800,000)	(8,800,000)
		-	-
Less: Current portion of unearned morabaha income	10	-	-
		-	-
<b>9 Short term morabaha investment-secured</b>			
Short term morabaha Investment		432,477,568	420,894,235
Add: Unearned morabaha income		6,491,301	4,556,295
		438,968,869	425,450,530
Less: Provision for doubtful morabaha investment		(214,253,879)	(214,253,879)
		<u>224,714,990</u>	<u>211,196,651</u>
<b>10 Current maturity of long term investment</b>			
Current portion of long term musharikah investment	7	438,391,618	423,391,618
Less: Provision against musharika investment		(26,392,919)	(26,392,919)
		411,998,699	396,998,699
Current portion of long term morabaha investment	8	8,800,000	8,800,000
Add: Unearned morabaha income	8	-	-
Less: Provision against morabaha investment		(8,800,000)	(8,800,000)
		-	-
		<u>411,998,699</u>	<u>396,998,699</u>
<b>11 Ijarah rental receivables</b>			
Ijarah rental receivable		315,683,464	324,385,447
Less: Provision against ijarah rental receivable		(116,212,387)	(124,026,374)
		<u>199,471,077</u>	<u>200,359,073</u>

12	Advances, deposits, prepayments and other receivables	Note	31-Mar-22 Un-Audited Rupees	31-Dec-21 Audited Rupees
	<b>Profit receivable</b>			
	- Morabaha investment		4,954,437	732,319
	- Musharikah investment		9,627,847	13,728,953
			14,582,284	14,461,272
	Prepayments		6,411,343	4,530,524
	Advances		4,136,515	3,170,704
	Advances to Suppliers		769,150	797,140
	Security Deposit		7,900,000	29,917,196
	Non-banking assets		6,141,250	8,391,250
	Accrued Mark up on Margin Financing		918,293	123,164
	Other receivables		105,219,200	120,969,152
			146,078,035	182,360,401
	Less: Provision for other receivables		(11,128,292)	(11,128,292)
			134,949,743	171,232,110
13	<b>Long term musharikah finance secured</b>			
	Opening balance		131,100,952	535,128,774
	Additions during the year		-	2,038,378,738
	Less: Paid during the year		(131,100,952)	(2,442,406,560)
			(131,100,952)	(404,027,822)
			-	131,100,952
14	<b>Redeemable capital - participatory and unsecured</b>			
	Opening balance		1,603,000,000	1,014,101,593
	Add: Issued during the year		150,000,000	600,000,000
	Add: Re- issued during the year		1,600,000,000	1,000,000,000
	Less: Redeemed during the year		(1,600,000,000)	(1,011,101,593)
			150,000,000	588,898,407
	Closing balance		1,753,000,000	1,603,000,000
15	<b>Profit payable</b>			
	Musharikah finance		-	9,463,234
	Redeemable capital		25,234,427	13,401,730
			25,234,427	22,864,964
16	<b>Contingencies and commitments</b>			
16.1	<b>Contingencies</b>			
	There are no significant changes in contingent liabilities since the last published financial statement as at December 31,			
16.2	<b>Commitments</b>			
16.2.1	There is no Commitments approved but not disbursed on balance sheet due date. (Dec 2021 : Rs. 138.38 Million)			



	<b>Note</b>	<b>31-Mar-22 Un-Audited Rupees</b>	<b>31-Mar-21 Un-Audited Rupees</b>
<b>17 Other income</b>			
Profit on bank deposits		3,558,116	1,032,095
Margin Finance Income		67,162	-
Return on Exposure deposit with PSX		506,037	-
Processing fee		300,304	308,421
Dividend Income		632,981	590,783
Gain on settlement of musharikhah		-	1,008,153
Gain on settlement of morabaha		14,424,700	-
Miscellaneous income		224,115	47,623
Income receivable on MF		379,350	
Rebate income from Takaful		35,650	25,620
		<b>20,128,415</b>	<b>3,012,695</b>
<b>18 Administrative expenses</b>			
Salaries and benefits		12,104,351	8,250,100
Traveling and conveyance		63,714	45,823
Depreciation - owned asset	5.2	436,985	421,369
Amortization of Intangible Assets		-	900,822
Legal and professional		240,620	9,126
Printing and stationary		255,245	348,590
Insurance		49,650	-
Fee and subscription		784,527	48,925
Repair and maintenance		689,733	168,700
PSX, clearing house and CDC charges, etc.		259,704	
Vehicle running and maintenance		149,407	38,260
Power and utilities		404,972	21,733
Entertainment expenses		204,533	57,149
Advertisement		50,635	-
Telephone and postage		221,612	235,711
Corporate expenses		110,030	134,926
Rent rates and taxes		94,517	3,925
Selling and marketing expenses		1,222,854	49,488
Miscellaneous expenses		53,515	26,135
		<b>17,396,604</b>	<b>10,760,782</b>
<b>19 Finance cost</b>			
Financial charges on musharikhah		200,705	11,672,348
Financial charges on redeemable capital		39,701,579	17,508,771
Bank charges		3,625	23,784
		<b>39,905,909</b>	<b>29,204,903</b>
<b>20 Taxation</b>			
<b>Current Tax</b>			
- Current year		1,002,523	896,226
<b>Deferred</b>			
- Relating to origination and reversal of temporary differences		-	-
		<b>1,002,523</b>	<b>896,226</b>

**21 Earning per certificate****21.1 Basic**

Basic earnings per certificate are calculated by dividing the net profit for the year by the weighted average number of certificates outstanding during the year as follows:

	<b>31-Mar-22 Un-Audited Rupees</b>	<b>31-Mar-21 Un-Audited Rupees</b>
Profit for the Period	<b>4,894,670</b>	6,097,874
Weighted average number of ordinary certificates	<b>34,020,000</b>	34,020,000
Earning per certificate	<b>0.14</b>	0.18

**21.2 Diluted**

No figure for diluted earnings per certificate has been presented as the Modaraba has not issued any instruments which would have an impact on earnings per certificate when exercised.

**22 Transactions with related parties**

The related parties and associated undertakings comprise of The Bank of Punjab, Punjab Modaraba Services (Private) Limited and Punjab Capital Securities (Private) Limited. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the term of employment are as follows:

**22.1 Balances outstanding at the end of year****22.1.1 The Bank of Punjab (Holding company of Modaraba's****Management Company)**

	<b>31-Mar-22 Un-Audited Rupees</b>	<b>31-Dec-21 Audited Rupees</b>
Musharikhah finances	-	131,100,952
Profit payable on musharikhah finances	-	9,463,234
Certificates of musharikhah	<b>1,750,000,000</b>	1,600,000,000
Profit payable on certificates of musharikhah	<b>24,207,061</b>	12,374,364

**22.2 Transactions during the year****22.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)**

	<b>31-Mar-22 Un-Audited Rupees</b>	<b>31-Mar-21 Un-Audited Rupees</b>
Bank charges	<b>3,625.00</b>	<b>23,784</b>
Profit charged on finances	<b>200,705</b>	<b>11,672,348</b>
Profit charged on certificates of Musharikhah	<b>39,243,018</b>	<b>17,508,771</b>

**26 Reconciliation of liabilities arising from financing activities**

	Balance as at 01 Jan 2022	Availed / Announced	Repaid / Redeemed	Balance as at 31 Mar 2022
Long term musharikhah finance	131,100,952	-	(131,100,952)	-
Prifit payable	17,203,256	-	(4,103)	17,199,153
Redeemable capital	1,603,000,000	1,750,000,000	(1,600,000,000)	1,753,000,000
	<b>1,751,304,208</b>	<b>1,750,000,000</b>	<b>(1,731,105,055)</b>	<b>1,770,199,153</b>

**27 Cash flow from operating activities**

	Note	31 March 2022 (Un-Audited) Rupees	31 March 2021 (Un-Audited) Rupees
Profit / (Loss) for the period		5,897,192	6,994,100
Adjustments for:			
Depreciation of ijarah assets		31,194,698	32,954,048
Depreciation of assets in own use		372,360	600,061
Dividend Income		(632,981)	(590,783)
(Reversal) / Provision for Ijara investment		59,400	(18,733,922)
Financial charges on musharikhah finances		200,705	11,672,348
Financial charges on redeemable capital		39,701,579	17,508,771
		<b>70,895,761</b>	<b>43,410,523</b>
<b>Operating profit before working capital changes</b>		<b>76,792,953</b>	<b>50,404,623</b>
<b>Working capital changes</b>			
(Increase)/decrease in operating assets:			
Morabaha investment		(9,648,327)	(2,995,705)
Purchase of assets under ijarah arrangements		(13,014,000)	(22,214,145)
Investment in musharikhah-net		(54,753,322)	-
Purchase of assets-Development Properties		(3,133,483)	-
Proceeds from transfer of ijarah assets		-	6,038,236
Ijarah Rental Receivable - net		321,494	37,692,118
Dividend Income		-	590,783
Advances, deposits, prepayments and other receivables		25,404,615	(25,787,615)
		<b>(54,823,023)</b>	<b>(6,676,328)</b>
Increase / (decrease) in operating liabilities:			
Security deposits - net		1,935,006	(5,212,626)
Trade and other payables		24,539,392	15,450,941
		<b>26,474,398</b>	<b>10,238,315</b>
<b>Net changes in operating assets and operating liabilities</b>		<b>(28,348,625)</b>	<b>3,561,987</b>
<b>Cash generated from operations</b>		<b>48,444,328</b>	<b>53,966,610</b>

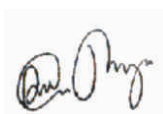
**28 Date of authorization for issue**

The consolidated financial statements of Modaraba were approved by the Directors of Modaraba Management Company and authorized for issue on April 27, 2022.

**29 General**

Figures have been rounded off to the nearest rupees unless otherwise provided.

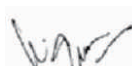
For Punjab Modaraba Services (Private) Limited  
(Modaraba Management Company)



Chief Financial  
Officer



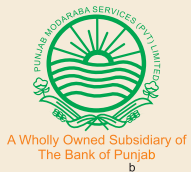
Chief Executive



Director



Director



**FIRST  
PUNJAB  
MODARABA**  
*(An Islamic Financial Institution)*

Managed By:

**Punjab Modaraba Services (Pvt) Ltd.**

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